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Meeting	Finance & Policy Committee
Date	21st May 2024
Report Title	Reserve Levels
Agenda Reference	Agenda Item 13B
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Officer's Recommendation:

To recommend to Full Council that the additional reserve of £37,621.00 is allocated to the GMF contingency for the term of the build.

Background

The 2023/24 budget was set with an agreed £77,000.00 use of reserves. The final budget review at quarter three of 2023/24 projected an underspend of £26,473.00 against the budgeted use of reserves. The budget for 2024/25 was then set with a £40,000.00 supplement from general reserves.

The financial year ending 31st March 2024 has now been finalised with an underspend on budgeted amounts of £47,496.00 as per agenda item 13A. Which is a further saving on the budgeted use of reserves of £21,023.00.

General Reserves

The general reserves should aim to be maintained at a level of between 3 and 5 months of net revenue expenditure (NRE) (as per the Financial Reserves Policy). The calculation for 3 to 5 months of NRE for the financial year ending 31st March 2025 is between £289,103.00 and £578,206.00.

As at 1st April 2024, the general reserves stand at £366,445.00 which equates to 3.8 months of NRE. £77,342.00 over the minimum 3 months reserve. Considering the £40,000.00 supplement agreed for the current year, this leaves £37,342.00 over the minimum requirement for 2024/25.

Council Tax Support Grant

During budget setting for the current year, the Council Tax Support Grant (CTSG) was unlikely to be passed on by Swindon Borough Council (SBC). Therefore, Council made the decision to not include it within the income for the current budget. However, SBC have since agreed to pass these funds of £16,598.00 to the parish for the current financial year.

Current Position

Taking into consideration, the additional saving on 2023/24 and unbudgeted income from the CTSG. The Council has additional, unallocated reserves of £37,621.00.

Grounds Maintenance Facility

The Grounds Maintenance Facility (GMF) build is now underway with an expected completion around October 2024. The latest costs provided by the Contractor are £750,123.00 (including Project Manager fees). The loan approval to cover this cost is for up to £768,590.00. This leaves a contingency of just £18,467.00. This is due to the rising costs between the loan application and contract agreement and the decision to go with the higher priced electricity connection.

Therefore, it is recommended that the unallocated reserves of £37,621.00 are allocated to the GMF contingency for the term of the build. With further review following build completion, when final costs are known. Council can then take a decision on using any remaining funds to reduce the call on the loan or allocating them to an alternative project. This will provide a contingency for the project of £56,088.00 and provide general reserves of £345,422.00 for the current year, which equates to 3.58 months NRE.